

**AUGUSTANA UNIVERSITY**  
**FINANCIAL STATEMENTS AND**  
**SUPPLEMENTARY INFORMATION**  
**YEARS ENDED JULY 31, 2024 AND 2023**



CPAs | CONSULTANTS | WEALTH ADVISORS

[CLAAconnect.com](https://CLAAconnect.com)

**AUGUSTANA UNIVERSITY  
TABLE OF CONTENTS  
YEARS ENDED JULY 31, 2024 AND 2023**

<b>INDEPENDENT AUDITORS' REPORT</b>	<b>1</b>
<b>FINANCIAL STATEMENTS</b>	
<b>STATEMENTS OF FINANCIAL POSITION</b>	<b>4</b>
<b>STATEMENTS OF ACTIVITIES</b>	<b>5</b>
<b>STATEMENTS OF CASH FLOWS</b>	<b>7</b>
<b>NOTES TO FINANCIAL STATEMENTS</b>	<b>9</b>
<b>SUPPLEMENTARY INFORMATION</b>	
<b>FINANCIAL RESPONSIBILITY RATIO SUPPLEMENTARY SCHEDULE</b>	<b>36</b>



## INDEPENDENT AUDITORS' REPORT

Board of Trustees  
Augustana University  
Sioux Falls, South Dakota

### Report on the Audit of the Financial Statements

#### ***Opinion***

We have audited the accompanying financial statements of Augustana University, which comprise the statements of financial position as of July 31, 2024 and 2023, and the related statements of activities, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Augustana University as of July 31, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Augustana University and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Augustana University's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

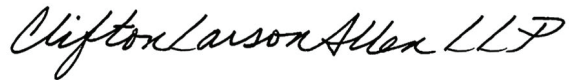
In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Augustana University's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Augustana University's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

***Supplementary Information***

Our audits were conducted for the purpose of forming opinion on the financial statements as a whole. The financial responsibility ratio supplemental schedule is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the financial responsibility ratio supplemental schedule and the accompanying schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

**CliftonLarsonAllen LLP**

Minneapolis, Minnesota  
November 7, 2024

**AUGUSTANA UNIVERSITY**  
**STATEMENTS OF FINANCIAL POSITION**  
**JULY 31, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 6,541,404	\$ 11,798,134
Student Accounts Receivable, Net of Allowance for Current Expected Credit Losses of \$529,050 and \$487,850, respectively	1,475,586	3,325,414
Government Grants Receivable	941,688	1,538,114
Contributions Receivable, Net	22,262,261	24,999,766
Other Receivables	2,041,602	1,829,859
Prepaid Expenses and Other Assets	1,247,276	1,267,680
Endowment Investments	121,955,896	109,190,374
Other Investments	12,414,626	35,546,756
Student Loans Receivable, Net	1,325,194	1,801,989
Right of Use Lease Assets - Operating, Net	369,054	382,035
Right of Use Lease Assets - Financing, Net	103,196	162,597
Property and Equipment, Net	<u>191,209,276</u>	<u>162,364,370</u>
Total Assets	<u><u>\$ 361,887,059</u></u>	<u><u>\$ 354,207,088</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts Payable	\$ 6,518,741	\$ 10,465,683
Accrued Liabilities	1,592,034	1,494,380
Deferred Revenue	6,840,456	5,767,082
Bonds and Loans Payable, Net	98,856,220	96,056,653
Annuities Payable	1,571,692	1,536,277
Funds Held in Custody for Others, Including Deposits	979,516	700,998
Operating Lease Liability	369,054	382,035
Financing Lease Liability	103,600	145,191
Government Grants Refundable	<u>3,214,485</u>	<u>3,600,756</u>
Total Liabilities	120,045,798	120,149,055
<b>NET ASSETS</b>		
Without Donor Restrictions	80,965,980	74,561,837
With Donor Restrictions	<u>160,875,281</u>	<u>159,496,196</u>
Total Net Assets	<u>241,841,261</u>	<u>234,058,033</u>
Total Liabilities and Net Assets	<u><u>\$ 361,887,059</u></u>	<u><u>\$ 354,207,088</u></u>

See accompanying Notes to Financial Statements.

**AUGUSTANA UNIVERSITY**  
**STATEMENTS OF ACTIVITIES**  
**YEARS ENDED JULY 31, 2024 AND 2023**

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES, GAINS, AND OTHER SUPPORT</b>			
Student Program Fees, Net of Grants and Scholarship of \$47,811,276 and \$42,899,197, respectively	\$ 30,248,121	\$ -	\$ 30,248,121
Government Grants and Contracts	2,031,448	-	2,031,448
Private Gifts, Grants, and Contracts	5,823,259	17,064,463	22,887,722
Investment Income	961,304	2,424,062	3,385,366
Gain on Investments	31,089	10,832,164	10,863,253
Sales and Services of Educational Activities	4,216,035	-	4,216,035
Sales and Services of Auxiliary Enterprises	11,879,532	-	11,879,532
Other Sources	1,703,405	-	1,703,405
Net Assets Released from Restrictions for Operating Purposes	9,862,105	(9,862,105)	-
Total Revenues, Gains, and Other Support	66,756,298	20,458,584	87,214,882
<b>EXPENSES AND LOSSES</b>			
Program Expenses:			
Instruction	39,484,615	-	39,484,615
Research	1,605,417	-	1,605,417
Public Service	2,558,010	-	2,558,010
Academic Support	4,600,559	-	4,600,559
Student Services	8,167,920	-	8,167,920
Auxiliary Enterprises	12,065,635	-	12,065,635
Institutional Support	10,599,000	-	10,599,000
Allocable Expenses:			
Operation and Maintenance of Plant	6,167,173	-	6,167,173
Depreciation	7,526,406	-	7,526,406
Interest	4,236,188	-	4,236,188
Less: Allocated Expenses	(17,929,767)	-	(17,929,767)
Actuarial Adjustment for Annuities Payable	79,296	271,202	350,498
Total Expenses and Losses	79,160,452	271,202	79,431,654
<b>CHANGE IN OPERATING NET ASSETS</b>	(12,404,154)	20,187,382	7,783,228
<b>OTHER CHANGES</b>			
Net Assets Released from Restrictions for Capital Improvements	18,808,297	(18,808,297)	-
<b>CHANGE IN NET ASSETS</b>	6,404,143	1,379,085	7,783,228
Net Assets - Beginning of Year	74,561,837	159,496,196	234,058,033
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 80,965,980</u>	<u>\$ 160,875,281</u>	<u>\$ 241,841,261</u>

See accompanying Notes to Financial Statements.

**AUGUSTANA UNIVERSITY**  
**STATEMENTS OF ACTIVITIES (CONTINUED)**  
**YEARS ENDED JULY 31, 2024 AND 2023**

2023		
Without Donor Restrictions	With Donor Restrictions	Total
\$ 26,477,247	\$ -	\$ 26,477,247
2,214,712	-	2,214,712
1,737,582	34,864,289	36,601,871
1,043,693	3,090,139	4,133,832
509,388	4,021,104	4,530,492
2,650,442	-	2,650,442
10,964,744	-	10,964,744
1,724,967	-	1,724,967
10,092,049	(10,092,049)	-
57,414,824	31,883,483	89,298,307
30,880,754	-	30,880,754
1,290,436	-	1,290,436
1,976,044	-	1,976,044
4,653,215	-	4,653,215
7,755,000	-	7,755,000
11,504,896	-	11,504,896
10,442,526	-	10,442,526
5,913,337	-	5,913,337
5,135,570	-	5,135,570
3,367,173	-	3,367,173
(14,416,080)	-	(14,416,080)
93,952	(17,666)	76,286
68,596,823	(17,666)	68,579,157
(11,181,999)	31,901,149	20,719,150
38,785,415	(38,785,415)	-
27,603,416	(6,884,266)	20,719,150
46,958,421	166,380,462	213,338,883
<u>\$ 74,561,837</u>	<u>\$ 159,496,196</u>	<u>\$ 234,058,033</u>

See accompanying Notes to Financial Statements.



**AUGUSTANA UNIVERSITY**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED JULY 31, 2024 AND 2023**

	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 7,783,228	\$ 20,719,150
Adjustments to Reconcile Change in Net Assets to		
Net Cash Provided (Used) by Operating Activities:		
Depreciation	7,526,406	5,135,570
Amortization	166,830	176,489
Credit Loss Expense	57,987	-
Unrealized and Realized Gain on Investments, Net	(11,139,126)	(4,068,329)
Donated Stock and Land	-	(251,261)
Change in Note Discount	215,243	-
(Gain) Loss on Property and Equipment	112,745	(50,844)
Actuarial Adjustment for Annuities Payable	284,554	85,698
Loan Cancellations and Assignments, Net	293,390	211,153
Change in Working Capital Components:		
Student Accounts Receivable	1,791,841	(2,136,639)
Government Grants Receivable	596,426	(680,587)
Other Receivables	(211,743)	23,486
Contributions Receivable	(7,199,130)	853,652
Prepaid Expenses and Other Assets	20,404	(431,415)
Accounts Payable and Accrued Liabilities	3,616	892,327
Funds Held in Custody for Others, Including Deposits	278,518	(158,180)
Deferred Revenue	1,073,374	3,275,251
Lease Liability	(210,814)	(220,806)
Contributions Restricted for Long-Term Investment	(6,825,609)	(12,216,965)
Net Cash Provided (Used) by Operating Activities	(5,381,860)	11,157,750
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Investments	(11,950,482)	(17,087,222)
Proceeds from Sale of Investments	32,923,781	39,722,933
Purchases of Property and Equipment	(40,047,104)	(51,491,960)
Proceeds from Sale of Property and Equipment	362,229	95,201
Insurance Proceeds	-	619,578
Disbursements of Student Loans	(124,710)	(91,078)
Repayments of Student Loans	308,115	356,807
Net Cash Used by Investing Activities	(18,528,171)	(27,875,741)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments of Principal on Indebtedness	(467,044)	(102,271)
Payments on Finance Leases	(41,591)	(56,680)
Proceeds from Issuance of Bonds and Loans Payable	3,035,102	10,000,000
Debt Issuance Costs Paid	-	(10,000)
Contributions Received Restricted for Long-Term Investment	16,762,244	4,684,554
Proceeds from Issuance of Annuities Payable	-	810,172
Payments of Annuities Payable	(249,139)	(220,252)
Change in Government Grants Refundable	(386,271)	(542,481)
Net Cash Provided by Financing Activities	18,653,301	14,563,042
<b>DECREASE IN CASH AND CASH EQUIVALENTS</b>	(5,256,730)	(2,154,949)
Cash and Cash Equivalents - Beginning of Year	11,798,134	13,953,083
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 6,541,404</u>	<u>\$ 11,798,134</u>

See accompanying Notes to Financial Statements.

**AUGUSTANA UNIVERSITY**  
**STATEMENTS OF CASH FLOWS (CONTINUED)**  
**YEARS ENDED JULY 31, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash Paid for Interest	<u>\$ 4,236,188</u>	<u>\$ 3,335,435</u>
<b>SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING AND FINANCING ACTIVITIES</b>		
Property and Equipment Purchased with Accounts Payable	<u>\$ 2,096,154</u>	<u>\$ 5,955,281</u>

*See accompanying Notes to Financial Statements.*

**AUGUSTANA UNIVERSITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JULY 31, 2024 AND 2023**

**NOTE 1    SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

Founded in 1860, Augustana University (Augustana) is a private, residential, comprehensive (liberal arts and professional) university of the Evangelical Lutheran Church in America. Central to Augustana's mission are five core values—**Christian, Liberal Arts, Excellence, Community** and **Service**—that serve as the foundation for Augustana's academic and student life programs. Students who enroll at Augustana are attracted by Augustana's intellectually challenging and supportive learning environment, the integration of faith, and an active and engaged campus community. These elements of Augustana experience add up to an education of enduring worth, preparing students for a lifetime of learning and service.

The accounting policies of Augustana reflect practices common to universities and colleges and conform to accounting principles generally accepted in the United States of America (GAAP). Below is a summary of Augustana's significant accounting policies.

**Basis of Accounting**

Augustana maintains its accounts in accordance with the principles and practices of fund accounting. Fund accounting is the procedure by which resources for various purposes are classified for accounting purposes in accordance with donor-imposed restrictions.

These financial statements, which are presented on the accrual basis of accounting, have been prepared to focus on Augustana as a whole and to present balances and transactions according to the existence or absence of donor-imposed restrictions. This has been accomplished by classification of fund balances and transactions into two classes of net assets; net assets without donor restrictions and net assets with donor restrictions:

*Net Assets Without Donor Restrictions* – Net assets that are not subject to donor-imposed stipulations. Net assets without donor restrictions may be designated for specific purposes by action of the board of trustees.

*Net Assets With Donor Restrictions* – Net assets whose use by Augustana is subject to donor-imposed stipulations that can be either fulfilled by actions of Augustana pursuant to those stipulations or that expire by the passage of time.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Expirations of temporary donor restrictions on net assets (i.e., the donor-imposed restriction has been fulfilled and/or the stipulated time period has lapsed) are reported as reclassifications between the applicable classes of net assets.

Contributions of assets other than cash are recorded at their estimated fair value.

Investment income includes interest and dividends earned on endowment investments and other investments. Gains and losses on investments include the realized and unrealized gains and losses for the endowment investments and other investments.

**AUGUSTANA UNIVERSITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JULY 31, 2024 AND 2023**

**NOTE 1    SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of Accounting (Continued)**

Income and net gains on investments of donor-restricted endowment and similar funds are reported as follows:

- As increases in donor-restricted net assets held in perpetuity if the terms of the gift require that they be added to the principal of a perpetual endowment fund;
- As increases in donor-restricted net assets with temporary restrictions in all other cases until the time the funds are appropriated and spent.

Net losses on perpetually restricted endowment funds are reported as reductions in temporarily donor-restricted net assets.

**Net Assets With Donor Restrictions**

With respect to net assets with donor restrictions whose restrictions are temporary, Augustana has adopted the following accounting policies:

Contributions received with donor-imposed restrictions that are met in the same year as received are reported as revenues of the net asset with donor restrictions class, and a reclassification to net assets without donor restrictions is made to reflect the expiration of such restrictions.

Release of donor restrictions on net assets for acquisition of land, buildings, and equipment: Contributions of land, buildings, and equipment are reported as revenues of net assets without donor restrictions. Contributions of cash or other assets to be used to acquire land, buildings, and equipment are reported as revenues with donor restrictions; the restrictions are considered to be released at the time such long-lived assets are acquired.

**Use of Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates that are particularly susceptible to significant change in the near term relate to the allowance for current expected credit loss, the discount on pledges receivable, liabilities under annuity obligations, asset retirement obligations, and valuation of the interest rate swap agreements and alternative investments.

**Cash and Cash Equivalents**

Augustana considers all highly liquid investments, except for those held for long-term investment, with a maturity of three months or less when purchased, to be cash equivalents. Management believes it places its cash and cash equivalents with high quality credit institutions.

**AUGUSTANA UNIVERSITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JULY 31, 2024 AND 2023**

**NOTE 1    SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Student Accounts Receivable**

Student accounts receivable are carried at the unpaid balance of the original amount billed to students. Student accounts receivable are net of allowance for current expected credit losses. Management determines the allowance for current expected credit losses based on historical experience and identifying specific past due accounts as well as the current US exchange rate, unemployment rate, and consumer price index for future considerations. Student accounts are written off when deemed uncollectible. Recoveries of student receivable previously written off are recognized when received. The allowance for current expected credit losses on student accounts receivable was \$529,050 and \$487,850 at July 31, 2024 and 2023, respectively.

Interest is charged on student accounts receivable that are past due. Interest is recognized as charged. Late charges are imposed if payments are not made by the payment due date and are recognized as they are received.

**Student Loans Receivable**

Student loans receivable are carried at the amount of the unpaid principal. Management determines the allowance for current expected credit losses based on historical experience and identifying specific past due loans as well as the current U.S. exchange rate, unemployment rate, and consumer price index for future considerations. Student loans receivable are written off when deemed uncollectible. Recoveries of student loans receivable previously written off are recognized when received. No allowance for current expected credit losses for student loans receivable was deemed necessary at July 31, 2024 or 2023.

Interest is charged and recognized on student loans receivable after a student is no longer enrolled as a full-time student and after a grace period. Interest is recognized as charged. Late charges are imposed if payments are not made by the payment due date and are recognized as they are received. Students may be granted a deferment, forbearance, or cancellation of their student loans receivable based on eligibility requirements defined by the United States Department of Education or, in the case of loan funds of Augustana, based on the respective loan program.

**Contributions Receivable**

Unconditional promises to give that are expected to be received within one year are recorded at the gross amount of the promise, net of an allowance for doubtful pledges. Unconditional promises to give, net of an allowance for doubtful pledges that are expected to be received in more than one year are recorded at the present value of estimated future cash flows using a discount rate of 6% in 2024 and 2023, which is commensurate with the risks involved. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

**Prepaid Expenses and Other Assets**

Prepaid expenses and other assets include pre-payments for premiums, memberships, dues, inventories of supplies and miscellaneous items held for resale, which are valued at the lower of cost or net realizable value.

**AUGUSTANA UNIVERSITY  
NOTES TO FINANCIAL STATEMENTS  
JULY 31, 2024 AND 2023**

**NOTE 1    SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Investments**

Marketable securities are recorded at fair value determined by quoted market prices. Alternative investments, which include investments in hedge funds and private equity funds, are valued utilizing the most current information provided by the fund. As these alternative investments are not readily marketable, their estimated value is subject to uncertainty and therefore may differ from the value that would have been used had a readily available market for such investments existed. Such difference could be material. Augustana has the ability to liquidate its alternative investments periodically in accordance with the provisions of the alternative investment agreements. All other investments are recorded at cost. Donated investments are recorded at fair value on the date received. Realized gains (losses) are calculated using the average cost method.

Financial assets and liabilities recorded on the statements of financial position are categorized based on the inputs to the valuation techniques as follows:

*Level 1* – Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the University has the ability to access. Valuation adjustments and block discounts are not applied to Level 1 securities. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these securities does not entail a significant degree of judgment.

*Level 2* – Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

*Level 3* – Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

**Debt Acquisition**

Debt acquisition costs are amortized over the term of the related debt by a method that approximates the effective interest method. Debt acquisition costs are reported as a reduction of Bonds Payable (see Note 12).

**Property and Equipment**

Property and equipment is stated at cost less accumulated depreciation. Augustana depreciates its property and equipment on a monthly basis based on when placed in service, on a straight-line basis over the estimated useful lives as follows:

Buildings	10 to 40 Years
Improvements	10 to 40 Years
Equipment	2 to 20 Years
Library Books	15 Years

Normal repair and maintenance expenses are charged to operations as incurred. Augustana capitalizes property and equipment additions in excess of \$5,000. Interest costs incurred during construction periods are capitalized as part of buildings except to the extent of specific contributions received for the construction.

**AUGUSTANA UNIVERSITY  
NOTES TO FINANCIAL STATEMENTS  
JULY 31, 2024 AND 2023**

**NOTE 1    SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Leases**

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-02, *Leases* (Topic 842). FASB ASC 842 supersedes the lease requirements in FASB ASC 840. Under FASB ASC 842, lessees are required to recognize assets and liabilities on the statement of financial position for most leases and provide enhanced disclosures. Augustana adopted FASB ASC 842, with a date of initial application of August 1, 2020, by applying the modified retrospective transition approach and using the additional (and optional) transition method provided by ASU No. 2018-11, *Leases* (Topic 842): Targeted Improvements. Augustana did not restate prior comparative periods as presented under FASB ASC 840 and instead evaluated whether a cumulative effect adjustment to retained earnings as of August 1, 2020, was necessary for the cumulative impact of adoption of FASB ASC 842. FASB ASC 842 did not have a significant effect on the results of operations or cash flows for the year ended July 31, 2023.

As part of the transition, Augustana implemented new internal controls and key system functionality to enable the preparation of financial information on adoption and elected to apply the following practical expedients:

Package of practical expedients:

- Election not to reassess whether any expired or existing contracts are or contain leases
- Election not to reassess the lease classification for any expired or existing leases
- Election not to reassess initial direct costs on any existing leases
- Other practical expedients:
- Election not to record ROU assets and corresponding lease liabilities for short-term leases with a lease term of 12 months or less, but greater than 1 month. Leases of 1 month or less are not included in short-term lease costs.

**Government Grants and Contracts**

A portion of Augustana's revenue is derived from cost reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/ or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when Augustana has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the statements of financial position.

**Asset Retirement Policy**

Augustana recognizes the fair value of a liability for legal obligations associated with asset retirements in the period in which it is incurred if a reasonable estimate of the fair value of the obligation can be made. When the liability is initially recorded, the cost of the retirement obligation is capitalized by increasing the carrying value of the related asset. Over time, the liability is accreted to its present value each year, and the capitalized cost associated with the retirement obligation is depreciated over the useful life of the related asset. Upon settlement of the obligation, any difference between the cost to settle the asset retirement obligation and the liability recorded is recognized as a gain or loss in the statements of activities. Augustana reviews its estimates annually and adjusts the recorded liability as needed.



**AUGUSTANA UNIVERSITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JULY 31, 2024 AND 2023**

**NOTE 1    SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Annuities Payable**

Gifts received under these arrangements are split into the amount representing the actuarial present value of future distributions back to the donor or to the third-party beneficiaries and the remaining gift value to be retained for the benefit of Augustana. The actuarial liability is adjusted annually using actuarial tables appropriate for the type of arrangement, number of lives covered, and age and gender characteristics of the donor. Augustana used an average discount rate of 6% in making the calculations at July 31, 2024 and 2023.

**Deferred Revenue**

Deferred revenue consists primarily of cash received related to specific contracts and tuition payments received in advance. Revenue related to the specific contracts is recognized over the life of the related agreement as an exchange transaction. Tuition or revenue is recognized in the academic term to which the tuition applies.

**Funds Held in Custody for Others**

Funds held in custody for others include the estimated liability under various charitable trusts and funds held under agency relationships.

**Government Grants Refundable**

Funds provided by the United States Government under the Federal Perkins Loan Program are loaned to qualified students and may be re-loaned after collections. These funds are ultimately refundable to the government and are included as liabilities in the statements of financial position. Revenues from other government grants are recognized as they are earned in accordance with the agreement. Any funding received before it is earned is recorded as a refundable advance. Costs incurred before cash is received are recorded as an expense, revenue, and a receivable.

**Grants to Specified Students**

Amounts received from federal agencies designated for the benefit of specified students are considered agency transactions and, therefore, are not reflected as revenues and expenses of Augustana. The amounts of such grants were \$1,849,627 and \$1,499,953 for the years ended July 31, 2024 and 2023, respectively.

**Institutional Scholarships and Grants**

Institutional scholarships and grants are offered by Augustana to attract and retain students. Augustana offers institutional grants to students in the form of merit-based scholarships and need-based grants. These scholarships and grants are presented in the accompanying statements of activities as a reduction to tuition and fees.

**Income Taxes**

The Internal Revenue Service has determined that Augustana is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC). As such, Augustana is subject to federal income taxes only on any unrelated income under Section 511 of the IRC.



**AUGUSTANA UNIVERSITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JULY 31, 2024 AND 2023**

**NOTE 1    SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Income Taxes (Continued)**

Augustana follows the guidance on accounting for uncertainty in income taxes. Management evaluated Augustana's tax positions and concluded that Augustana had taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance.

Augustana files an informational 990 tax return in the U.S. federal jurisdiction. Augustana has no federal or state examinations currently in progress.

**Pension Plans**

Augustana has certain contributory, defined contribution pension plans for academic and nonacademic personnel. Contributions for employees are based on a percentage of compensation. Augustana's match on the retirement plan totaled approximately \$1,404,000 and \$1,322,000 for the years ended July 31, 2024 and 2023, respectively.

**Revenue Recognition**

Revenue from contracts with customers is recognized when control of the promised goods or services is transferred to customers (students), in an amount that reflects the consideration expected to be entitled in exchange for those goods or services.

The following table shows Augustana's tuition revenue disaggregated according to the timing of the transfer of goods or service and by source, as of the year ended July 31:

Revenue Recognized Over Time:	2024	2023
Tuition and Fees	\$ 78,059,397	\$ 69,376,444
Less: Scholarships and Grants	(47,811,276)	(42,899,197)
Total	<u>\$ 30,248,121</u>	<u>\$ 26,477,247</u>

The following table shows Augustana's auxiliary revenues disaggregated according to the timing of the transfer of goods or service and by source, as of the year ended July 31:

Revenue Recognized Over Time:	2024	2023
Housing	\$ 5,463,286	\$ 5,119,996
Dining	6,190,431	5,660,117
Total	<u>\$ 11,653,717</u>	<u>\$ 10,780,113</u>

Augustana's contract assets and liabilities consist of the following as of July 31:

	2024	2023
Deferred Revenue - Students	\$ 1,861,225	\$ 2,078,423
Deferred Revenue - Auxiliary	262,500	375,000
Deferred Revenue - Other	4,716,731	3,313,659
Total	<u>\$ 6,840,456</u>	<u>\$ 5,767,082</u>

**AUGUSTANA UNIVERSITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JULY 31, 2024 AND 2023**

**NOTE 1    SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Performance Obligations and Revenue Recognition**

Augustana has two semesters. Tuition revenue is recognized in the fiscal year in which the academic programs are delivered, proportionally over the term of the related semester. Auxiliary revenue is recognized in the fiscal year in which housing and food services are provided, portably over the term of the related semester. Any payments received prior to fiscal year-end related to academic terms that occur subsequent to fiscal year-end are recorded as deferred revenue in the accompanying statements of financial position.

Customer contracts generally have separately stated prices for each performance obligation contained in the contract. Therefore, each performance obligation generally has its own standalone selling price. Arrangements for payment are agreed to prior to registration of the student's first academic term. Many students obtain Title IV or other financial aid resulting in Augustana's receiving a significant amount of the transaction price at the beginning of the academic term.

Augustana does not require students to live on campus for the entire time of study and the price of educational services and residential services are not dependent on one another. Therefore, housing and tuition revenue do not need to be combined according to ASC 606-15-25-9.

**Transaction Price**

Revenue, or transaction price, is measured as the amount of consideration expected to be received in exchange for transferring goods or services. Tuition and auxiliary revenues are reported at established rates, net of financial assistance provided by Augustana.

Students may receive discounts, scholarships, or refunds, which gives rise to variable consideration. The amounts of discounts or scholarships are applied to individual student accounts when such amounts are awarded. Therefore, the transaction price is reduced directly by these discounts or scholarships from the amount of the standard rates charged.

Students who adjust their course load or withdraw completely within the first three days of the academic term (add/drop period) may receive a full or partial refund in accordance with Augustana's refund policy.

If a student withdraws prior to completing an academic term, federal regulations permit Augustana to retain only a set percentage of the total tuition and auxiliary revenues received from such student, which varies with, but generally equals or exceeds, the percentage of the academic term completed by such student. Payment amounts received by Augustana in excess of such set percentages of tuition are refunded to the student or the appropriate funding source.

For contracts with similar characteristics and historical data on refunds, the expected value method is applied in determining the variable consideration related to refunds. Estimates of Augustana's expected refunds are determined at the outset of each academic term, based upon actual experience in previous academic terms. All refunds are netted against revenue during the applicable academic term. Management believes it is not probable that a significant reversal in the amount of cumulative revenue recognized will occur when the uncertainty associated with variable consideration is subsequently resolved.

**AUGUSTANA UNIVERSITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JULY 31, 2024 AND 2023**

**NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Transaction Price (Continued)**

Management reassesses collectability throughout the period revenue is recognized by Augustana on a student-by-student basis. This reassessment is based upon new information and changes in facts and circumstances relevant to a student's ability to pay. Management also reassesses collectability when a student withdraws from the institution and has unpaid charges.

**Contract Balances**

Tuition, fees, and auxiliary revenues are recognized in the period classes and services are provided and amounts received for future periods are reported as deferred revenue. Students are billed at the beginning of each academic term and payment is due at that time. Augustana's performance obligations are to provide educational services in the form of instruction as well as housing facilities and meals during the academic term. As these performance obligations are satisfied over the academic term, deferred revenue is reduced. A significant portion of student payments are from Title IV financial aid and other programs and are generally received during the first month of the respective term. When payments are received, accounts receivable is reduced.

The following table depicts activities for deferred revenue related to tuition and fees, auxiliary revenues, athletic memberships, and other miscellaneous items:

Balance at 8/1/2023	Refunds Issued	Revenue Recognized Included in 7/31/2023 Balance	Cash Received in Advance of Performance	Balance at 7/31/2024
<u>\$ 5,767,082</u>	<u>\$ -</u>	<u>\$ 3,826,512</u>	<u>\$ 4,899,886</u>	<u>\$ 6,840,456</u>

Balance at 8/1/2022	Refunds Issued	Revenue Recognized Included in 7/31/2024 Balance	Cash Received in Advance of Performance	Balance at 7/31/2023
<u>\$ 2,491,831</u>	<u>\$ -</u>	<u>\$ 1,866,727</u>	<u>\$ 5,141,978</u>	<u>\$ 5,767,082</u>

The balance of deferred revenue at July 31, 2024 will be recognized as revenue over the academic term beginning on August 28, 2024 as services are rendered, except for \$3,024,817 of other deferred revenue which will be deferred on a straight-line basis through the 2033-2034 school year.

**Fundraising and Advertising Expenses**

Fundraising expenses totaled approximately \$2,340,000 and \$2,079,000 for the years ended July 31, 2024 and 2023, respectively. Augustana expenses advertising at the time incurred, which totaled approximately \$473,000 and \$454,000 for the years ended July 31, 2024 and 2023, respectively.

**AUGUSTANA UNIVERSITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JULY 31, 2024 AND 2023**

**NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Reclassifications**

Certain amounts in 2023 have been reclassified for comparative purposes to conform to the presentation in 2024. The reclassifications have no effect on the previously reported change in net assets or net assets balance.

**Functional Allocation of Expenses**

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain expenses have been allocated among the programs and supporting services benefited.

**NOTE 2 NET ASSETS**

Net assets without donor restrictions consist of the following at July 31:

	2024	2023
Undesignated (Deficit)	\$ (32,483,467)	\$ (25,446,173)
Loans to Students	315,120	375,645
Replacement of Plant Facilities	390,728	382,045
Board Designated Endowment	1,878,252	1,997,975
Annuity Reserves	721,723	623,063
Net Investment in Plant	110,143,624	96,629,282
Total Net Assets Without Donor Restrictions	<u>\$ 80,965,980</u>	<u>\$ 74,561,837</u>

Undesignated net assets (deficit) represent undesignated assets net of various payables, accruals, and reserves.

Net assets with donor restrictions consist of the following as of July 31:

	2024	2023
Subject to Specified Purpose:		
Scholarships and Grants	\$ 706,681	\$ 649,352
Academic, Student Programs and Support	7,926,558	8,630,158
Acquisition of Property and Equipment	3,234,542	9,866,406
Total	<u>11,867,781</u>	<u>19,145,916</u>
Subject to Passage of Time:		
Contributions Receivable	22,262,261	24,999,767
Annuity, Life Income and Similar Funds	2,071,018	2,075,010
Total	<u>24,333,279</u>	<u>27,074,777</u>
Subject to the University Spending Policy		
Accumulated Gains and Term Endowments	35,977,869	28,585,722
Endowment Funds Restricted in Perpetuity	88,696,352	84,689,781
Total	<u>124,674,221</u>	<u>113,275,503</u>
Total Net Assets with Donor Restrictions	<u>\$ 160,875,281</u>	<u>\$ 159,496,196</u>

**AUGUSTANA UNIVERSITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JULY 31, 2024 AND 2023**

**NOTE 3 ENDOWMENT FUNDS**

Augustana's endowment funds consist of various donor-restricted endowment funds and funds designated as endowment by Augustana's Board of Trustees. The endowment funds were established for a variety of purposes, primarily related to scholarships and to supplement salary and expense budgets. Net assets associated with endowment funds are classified and reported based on the existence of donor-imposed restrictions.

Augustana has determined that absent explicit donor restrictions, the original gift amount of the donor-restricted endowment will be classified as restricted in perpetuity. The remaining portion of the donor-restricted endowment fund that is not classified as net assets restricted in perpetuity is classified as donor-restricted net assets with temporary restrictions until those amounts are appropriated for expenditure and spent by Augustana in a manner consistent with the standard of prudence prescribed by the state of South Dakota in its enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA).

Augustana has adopted investment and spending policies that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment investments. To satisfy its investment and return objectives, Augustana relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest, dividends and rents). Augustana targets a diversified allocation of investments that places a greater emphasis on equity-based investments to achieve its long-term objectives and is invested in a diversified portfolio of global equities (65%), fixed instrument bonds (20%) and other assets (15%), including real estate.

Augustana has a policy of appropriating for distribution each year an amount equal to 5% of the average endowment value over the previous 12 quarters. If the endowment value is below the original gift amount, the distribution amount is reduced to the current yield percentage applied to the average endowment value. The distribution for the 2024 – 2025 fiscal year is expected to be approximately \$6.0 million. Augustana expects that the average long-term return of its endowment will support this distribution and maintain the purchasing power of the endowment. Augustana considers the following factors in making a determination to appropriate or accumulate endowment funds: (1) purpose of Augustana and the endowment fund, (2) duration and preservation of the fund, (3) general economic conditions and effect of inflation/deflation, (4) investment policy and expected return on the endowment and (5) other resources of Augustana.

The following summarizes endowment net assets at July 31:

	Without Donor Restrictions	With Donor Restrictions		Total
		Original Gift Amount	Accumulated Gain (Losses)	
<u>2024</u>				
Donor-Restricted Endowment Funds				
Underwater Funds	\$ -	\$ 3,164,825	\$ (72,458)	\$ 3,092,367
Other Funds	-	89,492,753	32,089,101	121,581,854
Board-Designated Endowment Funds				
Scholarship	1,052,575	-	-	1,052,575
Maintenance	825,677	-	-	825,677
Total Endowment Funds	<u>\$ 1,878,252</u>	<u>\$ 92,657,578</u>	<u>\$ 32,016,643</u>	<u>\$ 126,552,473</u>

**AUGUSTANA UNIVERSITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JULY 31, 2024 AND 2023**

**NOTE 3    ENDOWMENT FUNDS (CONTINUED)**

	Without Donor Restrictions	With Donor Restrictions		Total
		Original Gift Amount	Accumulated Gain (Losses)	
<u>2023</u>				
Donor-Restricted Endowment Funds				
Underwater Funds	\$ -	\$ 4,895,034	\$ (297,021)	\$ 4,598,013
Other Funds	-	83,706,731	24,970,759	108,677,490
Board-Designated Endowment Funds				
Scholarship	1,009,359	-	-	1,009,359
Maintenance	988,616	-	-	988,616
Total Endowment Funds	<u>\$ 1,997,975</u>	<u>\$ 88,601,765</u>	<u>\$ 24,673,738</u>	<u>\$ 115,273,478</u>

Augustana had perpetually restricted pledges receivable for endowment of \$2,700,000 and \$3,945,000 at July 31, 2024 and 2023, respectively, net of reductions for allowances and discounts.

The following summarizes changes in the endowment net assets for the years ended July 31:

	Without Donor Restrictions	With Donor Restrictions		Total
		Original Gift Amount	Accumulated Gain (Losses)	
<u>2024</u>				
Endowment Net Assets, July 31, 2023	\$ 1,997,975	\$ 88,601,765	\$ 24,673,738	\$ 115,273,478
Investment Income, Net	25,217	-	2,593,144	2,618,361
Net Appreciation (Realized and Unrealized Gain)	164,220	-	10,384,608	10,548,828
Contributions		4,055,813	-	4,055,813
Administrative Assessment		-	(72,832)	(72,832)
Appropriation for Expenditure	(309,160)	-	(5,562,015)	(5,871,175)
Endowment Net Assets, July 31, 2024	<u>\$ 1,878,252</u>	<u>\$ 92,657,578</u>	<u>\$ 32,016,643</u>	<u>\$ 126,552,473</u>
<u>2023</u>				
Endowment Net Assets, July 31, 2022	\$ 1,936,994	\$ 83,537,833	\$ 22,909,371	\$ 108,384,198
Investment Income, Net	41,783	-	3,095,033	3,136,816
Net Appreciation (Realized and Unrealized Gain)	71,518	-	3,902,075	3,973,593
Contributions	3,919	5,063,932	-	5,067,851
Administrative Assessment	(78)	-	(97,736)	(97,814)
Appropriation for Expenditure	(56,161)	-	(5,135,005)	(5,191,166)
Endowment Net Assets, July 31, 2023	<u>\$ 1,997,975</u>	<u>\$ 88,601,765</u>	<u>\$ 24,673,738</u>	<u>\$ 115,273,478</u>

**AUGUSTANA UNIVERSITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JULY 31, 2024 AND 2023**

**NOTE 4 NET ASSETS RELEASED FROM RESTRICTIONS**

The sources of net assets released from temporary donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of events specified by the donors for the years ended July 31 were as follows:

	2024	2023
Operating Purposes	\$ 9,862,105	\$ 10,092,049
Capital Improvements	18,808,297	38,785,415
Total	<u>\$ 28,670,402</u>	<u>\$ 48,877,464</u>

These assets were reclassified to net assets without donor restrictions.

**NOTE 5 CONTRIBUTIONS RECEIVABLE**

The following summarizes Augustana's contributions receivable at July 31:

	2024	2023
With Donor Restriction - Capital Improvements	\$ 8,885,953	\$ 19,258,841
With Donor Restriction - Scholarships, Grants and Operations	19,689,289	7,192,837
With Donor Restriction - Held in Perpetuity for Endowment	3,415,869	4,977,631
Subtotal	31,991,111	31,429,309
Less: Unamortized Discount	(7,255,266)	(3,651,791)
Less: Allowance for Doubtful Pledges	(2,473,584)	(2,777,752)
Total	<u>\$ 22,262,261</u>	<u>\$ 24,999,766</u>

	2024	2023
Amounts Due in:		
Less than One Year	\$ 5,845,411	\$ 13,974,554
One to Five Years	13,384,082	13,633,026
More than Five Years	12,761,618	3,821,729
Total	<u>\$ 31,991,111</u>	<u>\$ 31,429,309</u>

Pledges receivable at July 31, 2024 and 2023 include gifts from several board members of Augustana with a gross recorded value of \$2,511,650 and \$6,873,875, respectively, before reductions for allowance and discounts.

**NOTE 6 STUDENT LOANS RECEIVABLE**

The following summarizes Augustana's student loans receivable at July 31:

	2024	2023
Federal Government Programs	\$ 1,266,519	\$ 1,742,175
Institutional Loan Programs	58,675	59,814
Student Loans Receivable, Net	<u>\$ 1,325,194</u>	<u>\$ 1,801,989</u>



**AUGUSTANA UNIVERSITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JULY 31, 2024 AND 2023**

**NOTE 7 ENDOWMENT INVESTMENTS**

The following summarizes the carrying values of Augustana's endowment investments at July 31:

	2024	2023
Investments Carried at Fair Value:		
Marketable Securities:		
Money Market Funds	\$ 247,884	\$ 418,174
Fixed Income Securities	3,883,819	3,192,020
Mutual Funds - U.S. Equity Securities	21,645,081	24,350,034
Mutual Funds - International Equity Securities	14,504,279	13,295,320
Mutual Funds - Global Securities	16,766,081	15,044,191
Mutual Funds - U.S. Debt Securities	9,296,719	5,626,995
Mutual Funds - International Debt Securities	8,284,504	4,609,400
Nonmarketable Securities:		
Long/Short Equity	12,037,514	9,924,755
Equity	16,160,468	13,265,238
Fixed Income Securities	2,980,126	3,197,639
Hedge Funds	2,492,740	2,366,787
Limited Partnerships	3,353,286	3,364,366
Real Estate Fund	4,029,015	4,054,979
Subtotal	115,681,516	102,709,898
Investments Carried at Cost:		
Cash Surrender Value of Life Insurance Policies	1,332,639	1,293,619
Real Estate	4,879,965	5,132,771
Accrued Interest	61,776	54,086
Subtotal	6,274,380	6,480,476
Total	<u>\$ 121,955,896</u>	<u>\$ 109,190,374</u>

Real estate consists of residential real estate currently being rented to students, faculty, and staff. Real estate is recorded net of accumulated depreciation of \$1,395,254 and \$1,223,452 at July 31, 2024 and 2023, respectively.

**NOTE 8 OTHER INVESTMENTS**

The following summarizes the carrying values of Augustana's other investments at July 31:

	2024	2023
Investments Carried at Fair Value:		
Marketable Securities:		
Money Market Funds	\$ 8,285,278	\$ 31,711,908
Mutual Funds - Equity Securities	2,767,989	2,542,293
Mutual Funds - Debt Securities	1,185,369	1,051,623
Subtotal	12,238,636	35,305,824
Investments Carried at Cost:		
Funds Held by Outside Parties	145,380	211,327
Certificates of Deposit	11,263	11,047
Cash Surrender Value of Life Insurance Policies	19,347	18,558
Subtotal	175,990	240,932
Total	<u>\$ 12,414,626</u>	<u>\$ 35,546,756</u>



**AUGUSTANA UNIVERSITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JULY 31, 2024 AND 2023**

**NOTE 8 OTHER INVESTMENTS (CONTINUED)**

Augustana has arrangements with donors classified as charitable annuity trusts and charitable remainder trusts. Total assets held by Augustana under deferred gift agreements totaled approximately \$2,276,000 and \$2,126,000 at July 31, 2024 and 2023, respectively.

**NOTE 9 FAIR VALUE MEASUREMENTS**

Augustana uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. For additional information on how Augustana measures fair value, refer to Note 1 – Significant Accounting Policies. The following tables represent Augustana's fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of July 31:

<u>2024</u>	Level 1	Level 2	Level 3	Investments Measured at NAV	Total
Endowment Investments:					
Money Market Funds	\$ 247,884	\$ -	\$ -	\$ -	\$ 247,884
Mutual Funds - U.S. Equity Securities	21,645,081	-	-	-	21,645,081
Mutual Funds - International Equity Securities	14,504,279	-	-	-	14,504,279
Mutual Funds - Global Securities	16,766,081	-	-	-	16,766,081
Mutual Funds - U.S. Debt Securities	9,296,719	-	-	-	9,296,719
Mutual Funds - International Debt Securities	8,284,504	-	-	-	8,284,504
Long/Short Equity	-	-	-	12,037,514	12,037,514
Equity	-	-	-	16,160,468	16,160,468
Fixed Income Securities	-	3,883,819	-	2,980,126	6,863,945
Hedge Funds	-	-	-	2,492,740	2,492,740
Limited Partnerships	-	-	-	3,353,286	3,353,286
Real Estate Fund	-	-	-	4,029,015	4,029,015
Total Endowment Investments	70,744,548	3,883,819	-	41,053,149	115,681,516
Other Investments:					
Money Market Funds	8,285,278	-	-	-	8,285,278
Mutual Funds - Equity Securities	2,767,989	-	-	-	2,767,989
Mutual Funds - Debt Securities	1,185,369	-	-	-	1,185,369
Total Other Investments	12,238,636	-	-	-	12,238,636
Total Investments Valued at Fair Value	<u>\$ 82,983,184</u>	<u>\$ 3,883,819</u>	<u>\$ -</u>	<u>\$ 41,053,149</u>	<u>\$ 127,920,152</u>

<u>2023</u>	Level 1	Level 2	Level 3	Investments Measured at NAV	Total
Endowment Investments:					
Money Market Funds	\$ 418,174	\$ -	\$ -	\$ -	\$ 418,174
Mutual Funds - U.S. Equity Securities	24,350,034	-	-	-	24,350,034
Mutual Funds - International Equity Securities	13,295,320	-	-	-	13,295,320
Mutual Funds - Global Securities	15,044,191	-	-	-	15,044,191
Mutual Funds - U.S. Debt Securities	5,626,995	-	-	-	5,626,995
Mutual Funds - International Debt Securities	4,609,400	-	-	-	4,609,400
Long/Short Equity	-	-	-	9,924,755	9,924,755
Equity	-	-	-	13,265,238	13,265,238
Fixed Income Securities	-	3,192,020	-	3,197,639	6,389,659
Hedge Funds	-	-	-	2,366,787	2,366,787
Limited Partnerships	-	-	-	3,364,366	3,364,366
Real Estate Fund	-	-	-	4,054,979	4,054,979
Total Endowment Investments	63,344,114	3,192,020	-	36,173,764	102,709,898
Other Investments:					
Money Market Funds	31,711,908	-	-	-	31,711,908
Mutual Funds - Equity Securities	2,542,293	-	-	-	2,542,293
Mutual Funds - Debt Securities	1,051,623	-	-	-	1,051,623
Total Other Investments	35,305,824	-	-	-	35,305,824
Total Investments Valued at Fair Value	<u>\$ 98,649,938</u>	<u>\$ 3,192,020</u>	<u>\$ -</u>	<u>\$ 36,173,764</u>	<u>\$ 138,015,722</u>

**AUGUSTANA UNIVERSITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JULY 31, 2024 AND 2023**

**NOTE 9 FAIR VALUE MEASUREMENTS (CONTINUED)**

The following table provides a summary of redemption restrictions of alternative investments at July 31:

	2024	2023	Unfunded Commitments at July 31, 2024	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Long/Short Equity	\$ 12,037,514	\$ 9,924,755	\$ 702,933	Daily	100 days
Fixed Income Securities	2,980,126	3,197,639	2,470,738	Daily	90 days
Hedge Funds	2,492,740	2,366,787	-	Daily-Monthly	45 days
Limited Partnerships	3,353,286	3,364,366	1,003,591	Limited	n/a
Equity	16,160,468	13,265,238	1,286,000	Monthly	10 days
Real Estate Fund	4,029,015	4,054,979	1,799,369	Monthly	35 days
Total	<u>\$ 41,053,149</u>	<u>\$ 36,173,764</u>	<u>\$ 7,262,632</u>		

Long/short equity contains investments in multiple hedge funds with separate managers using long and short strategies. The fair value of the funds in this category have been estimated using the net asset value of the investments provided by each investment's fund administrator based on their percentage ownership of the overall fund.

Equity investments reflect long position investments in mutual funds, exchange-traded funds, or index funds that invest in high-quality domestic and international markets. The fair value of the funds in this category have been estimated using the net asset value of the investments provided by each investment's fund administrator based on their percentage ownership of the overall fund.

Fixed income securities consist of interest rate and credit-sensitive investments. The fair value of these investments is based on quoted market prices for the underlying securities which comprise the fund.

Hedge Funds provide capital appreciation through the use of fund of funds, multi-manager investment strategy. The Hedge Funds allocate their assets among several private partnerships and limited liability companies. The fair value of the funds in this category have been estimated using the net asset value of the investments provided by each investment's fund administrator based on their percentage ownership of the overall fund.

Limited Partnerships (LPs) reflect investments in LPs which in turn invest in other LPs, early and growth stage companies. The fair value of the funds in this category have been estimated using the net asset value of the investments, which are based on estimates and assumptions of the general partners or partnership valuation committees in the absence of readily determinable market values.

Real Estate attempts to achieve long-term returns through the use of a global portfolio consisting of publicly traded real estate equity securities. The fair value of the fund in this category has been estimated using the net asset value of the investments provided by each investment's fund administrator based on their percentage ownership of the overall fund.

**AUGUSTANA UNIVERSITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JULY 31, 2024 AND 2023**

**NOTE 10 PROPERTY AND EQUIPMENT**

The following summarizes Augustana's property and equipment at July 31:

	2024	2023
Campus Land	\$ 985,377	\$ 985,377
Buildings and Building Improvements	235,912,285	152,174,325
Equipment	17,513,384	14,487,677
Improvements Other than Buildings	15,704,351	14,827,401
Library Books	744,101	755,094
Artwork	161,138	161,138
Construction in Progress	3,140,878	55,576,089
Subtotal	274,161,514	238,967,101
Less: Accumulated Depreciation	(82,952,238)	(76,602,731)
Total	<u>\$ 191,209,276</u>	<u>\$ 162,364,370</u>

In 2021, Augustana entered into construction contracts amounting to approximately \$46.3M for multiple housing, infrastructure, and accessibility projects and an athletic field improvement, which will be completed in subsequent periods. These projects are being financed with contributions and bond financing.

**NOTE 11 LINE OF CREDIT**

Augustana has an unsecured \$4.5 million line of credit agreement with a bank. Interest on the line of credit varies with the bank's index rate, which was 8.50% at July 31, 2024. The line of credit expires on December 15, 2024. Collateral for the agreement includes any funds or securities held by the lender. The outstanding borrowing under the line of credit at July 31, 2024 and 2023 was \$-0-.

**NOTE 12 BONDS AND LOANS PAYABLE**

The following summarizes Augustana's bonds and loans payable at July 31:

	2024	2023
Reliabank - Loan Payable Hockey Arena	\$ 9,621,429	\$ 10,000,000
Reliabank - Loan Payable Hockey Area Loan Origination Fee	(9,000)	(9,667)
Note Payable to an Individual	3,800,000	-
Less: Discount on Note Payable	(549,655)	-
KS StateBank - Note Payable	317,483	391,973
CapFirst Finance Note Payable	46,267	-
Lincoln County 2021A Bond Issue	70,465,000	70,465,000
Lincoln County 2021A Bond Issue - Bond Premium	5,057,205	5,194,816
Lincoln County 2021B Bond Issue	12,030,000	12,030,000
Less: Unamortized Bond Issuance Costs	(1,922,509)	(2,015,469)
Total	<u>\$ 98,856,220</u>	<u>\$ 96,056,653</u>

**AUGUSTANA UNIVERSITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JULY 31, 2024 AND 2023**

**NOTE 12 BONDS AND LOANS PAYABLE (CONTINUED)**

The Reliabank – Loan Payable Hockey Arena requires annual payments of \$1,157,877 beginning January 2024, with an initial interest rate of 7.75%. Final payment will be due on January 20, 2038, and will be for all principal and all accrued interest not yet paid. The interest rate on this note is subject to change from time to time based on changes in an index which is the lender's prime rate.

The Lincoln County 2021A Bond Issue (2021A Bond) requires annual payments consisting of fixed interest (4%) and variable principal payments of \$30,000 to \$4,145,000 and matures on August 1, 2061. The 2021A Bond requires that Augustana meet certain financial covenants including a debt service ratio for Unrestricted Funds, as defined in the agreement, of not less than 1.20 or a debt service ratio for Restricted Funds, as defined in the agreement, of not less than 3.

The Lincoln County 2021B Bond Issue (2021B Bond) requires annual payments consisting of fixed interest (4%) and variable principal payments of \$1,005,000 to \$1,405,000 and matures on August 1, 2034. The 2021B Bond requires that Augustana meet certain financial covenants including a debt service ratio, as defined in the agreement, of not less than 1.20 or a debt service ratio for Restricted Funds, as defined in the agreement, of not less than 3.

The KS StateBank – Note Payable requires annual \$100,000 payments consisting of a fixed interest rate at 6.5% and variable principal payments. The note matures on January 18, 2028 with a final payment of \$67,784.

The Note Payable to an Individual is an interest-free bearing note with \$760,000 annual payments beginning on October 1, 2024. The note was subsequently amended on September 12, 2024 restating the principal amount to \$1,900,000. The remaining principal amount of \$1,900,000 under the original \$3,800,000 note was deemed to be repaid and discharged under the new agreement. Payments on the amended note will begin on October 1, 2026 with a payment of \$380,000 and two annual payments of \$760,000 thereafter.

The CapFirst Finance note payable requires annual payments of \$13,982.88 consisting of a fixed interest rate of 8% and variable principal payments. The note matures on July 15, 2028.

The following summarizes Augustana's scheduled principal payments on bonds and loans payable at July 31, 2024:

<u>Year Ending July 31,</u>	<u>Amount</u>
2025	\$ 1,127,081
2026	2,165,850
2027	2,240,090
2028	2,285,084
2029	2,284,577
Subsequent Years	86,177,497
Total	<u><u>\$ 96,280,179</u></u>

**AUGUSTANA UNIVERSITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JULY 31, 2024 AND 2023**

**NOTE 13 LEASES**

Augustana accounts for leases in accordance with FASB ASC 842 and is a lessee in several operating leases for office space, vehicles, and other equipment. Leases for equipment and vehicles are evaluated using the criteria outlined in FASB ASC 842 to determine whether they will be classified as operating leases or finance leases. Augustana determines if an arrangement is a lease, or contains a lease, at inception of a contract and when terms of an existing contract are changed. The organization determines if an arrangement conveys the right to use an identified asset and whether it obtains substantially all of the economic benefits from and has the ability to direct the use of the asset. Augustana recognizes a lease liability and ROU asset at the commencement date of the lease.

*Lease liabilities* A lease liability is measured based on the present value of its future lease payments. Variable payments are included in the future lease payments when those variable payments depend on an index or rate and are measured using the index or rate at the commencement date. Lease payments, including variable payments made based on an index rate, are remeasured when any of the following occur: (1) the lease is modified (and the modification is not accounted for as a separate contract), (2) certain contingencies related to variable lease payments are resolved, or (3) there is a reassessment of any of the following: the lease term, purchase options, or amounts that are probable of being owed under a residual value guarantee. The discount rate is the rate implicit in the lease if it is readily determinable; otherwise, Augustana uses its incremental borrowing rate.

*ROU assets* A ROU asset is measured at the commencement date at the amount of the initially measured liability plus any lease payments made to the lessor before or after commencement date, minus any lease incentives received, plus any initial direct costs. Unless impaired, the ROU asset is subsequently measured throughout the lease term at the amount of the lease liability (that is the present value of the remaining lease payments), plus unamortized initial direct costs, plus (minus) any prepaid accrued lease payments, less the unamortized balance of lease incentives received. Lease cost for lease payments is recognized on a straight-line basis over the lease term. Finance lease ROU assets are amortized on a straight-line basis over the shorter of the lease term or the remaining useful life of the asset.

*Accounting policy election for short-term leases* Augustana has elected for all underlying classes of assets, to not recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less, but greater than 1 month at lease commencement, and do not include an option to purchase the underlying asset it is reasonably certain to exercise. Augustana recognizes lease cost associated with its short-term leases on a straight-line basis over the lease term.

**AUGUSTANA UNIVERSITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JULY 31, 2024 AND 2023**

**NOTE 13 LEASES (CONTINUED)**

Leases Augustana has obligations as a lessee for office space, vehicles, and other equipment with initial noncancelable terms in excess of one year. Generally, the office space leases have an initial term of 4 years or less and the vehicle leases have a 3-year term. Other equipment leases are generally 5 years. Augustana classifies these leases as operating leases, except for any equipment leases that meet the FASB ASC 842 criteria to be classified as a finance lease. Optional periods are included in determining the lease term if it is reasonably certain the renewal option will be exercised and associated payments under these renewal options are included in the lease payments used to determine the lease liabilities. Augustana's leases do not include termination options for either party to the lease, guaranteed residual values or restrictive financial or other covenants. Payments due under lease contracts are fixed payments.

Other information related to leases as of or for the year ended July 31, 2024 is as follows:

	2024	2023
Operating Lease Costs	239,125	244,760
Financing Lease Costs		
Amortization of Right of Use Assets	59,401	59,401
Interest on Lease Liabilities	2,234	3,833
Short-Term Lease Costs	187,739	122,649
Variable Lease Costs	47,610	42,602
Total Lease Cost	<u>536,109</u>	<u>473,245</u>
Other Information		
Cash Paid for Amounts Included in the		
Measuring of Lease Liabilities		
Operating Cash Flow from Operating Leases	210,814	200,806
Financing Cash Flow from Finance Leases	41,591	56,680
Weighted-Average Remaining Lease Term (Years):		
Operating Leases	1.96	1.79
Finance Leases	2.42	3.42
Weighted-Average Discount Rate:		
Operating Leases	5.46%	4.75%
Finance Leases	1.77%	1.77%

**AUGUSTANA UNIVERSITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JULY 31, 2024 AND 2023**

**NOTE 13 LEASES (CONTINUED)**

Maturities of operating and finance lease liabilities as of July 31, 2024, were as follows:

<u>Year Ending July 31,</u>	<u>Operating</u>	<u>Finance</u>
2025	\$ 217,305	\$ 43,824
2026	155,489	43,824
2027	7,299	18,260
2028	6,085	-
2029+	5,579	-
Total Lease Payments	391,757	105,908
Less: Present Value Adjustments	22,703	2,308
Present Value of Lease Payments	<u>\$ 369,054</u>	<u>\$ 103,600</u>

**NOTE 14 CONCENTRATIONS OF CREDIT RISK**

Financial instruments that potentially subject Augustana to concentrations of credit risk consist principally of marketable securities and student loans receivable. Marketable securities are generally placed in a variety of managed funds administered by different investment managers in order to limit credit risk. Investments with a market value of approximately \$74,000,000 and \$67,000,000 were in custody of Augustana's investment manager at July 31, 2024 and 2023, respectively, and were primarily invested in mutual funds. Student loans receivable are due from individuals concentrated primarily in the Midwest. In addition, Augustana's students receive a substantial amount of support from federal student financial assistance programs, which are subject to audit by governmental agencies. A significant reduction in the level of this support could have an adverse effect on Augustana's programs and activities.

Augustana maintains the majority of its cash in bank deposit accounts at two banks that generally exceed federally insured limits. Augustana has not experienced any losses in such accounts. Augustana believes it is not exposed to any significant credit risk on cash.

**NOTE 15 DEFERRED REVENUE**

Sanford Health has exclusive naming rights of Augustana's practice gymnasium through 2026. Revenue from the agreement is recognized over its term. Augustana received a total of \$2,250,000, of which \$262,500 and \$375,000 was included in Deferred Revenue on the statements of financial position for the years ended July 31, 2024 and 2023, respectively.



**AUGUSTANA UNIVERSITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JULY 31, 2024 AND 2023**

**NOTE 16 CONDITIONAL ASSET RETIREMENT OBLIGATION**

Costs related to legal obligations to perform certain activities in connection with the retirement, disposal, or abandonment of assets are accrued when the obligation to perform the asset retirement activity is not conditional, even though the timing or method may be conditional. The fair value of a liability for a legal obligation associated with an asset retirement is required to be recorded in the period in which the obligation is incurred. When the liability is initially recorded, the cost of the asset retirement is capitalized.

Substantially all of the costs accrued relate to the estimated cost to remove asbestos from campus facilities. The future value of the asset retirement obligation at July 31, 2024 and 2023 is estimated to be approximately \$112,000 and \$106,000, respectively. The liability was estimated using an inflation rate of 3.8%. The initial asset retirement obligation was calculated using a discount rate ranging from 5.8% to 6.2%. Changes in the accrual for asset retirement obligation for the years ended July 31 are as follows:

	2024	2023
Beginning Accrual	\$ 105,700	\$ 146,658
Abatement of Asset Retirement Liability	-	(47,288)
Accretion of Asset Retirement Liability	6,223	6,330
Ending Accrual	<u>\$ 111,923</u>	<u>\$ 105,700</u>

The accruals for the asset retirement obligation are included in accrued liabilities on the statements of financial position.

**NOTE 17 CREDIT QUALITY OF STUDENT LOANS RECEIVABLE**

Augustana issues uncollateralized loans to students based on financial need. Student loans are funded through federal government loan programs. Allowances for doubtful accounts are established based on prior collection experience and current economic factors which, in management's judgment, could influence the ability of loan recipients to repay the amounts per the loan terms. No allowance was deemed necessary at July 31, 2024 and 2023, since the federal government program loans can be assigned to the federal government if Augustana follows required due diligence and collection procedures. Student loans represented approximately 0.4% of total assets as of July 31.

At July 31, student loans consisted of the following:

	2024	2023
Federal Government Programs	\$ 1,266,519	\$ 1,742,175
Institutional Loan Programs	58,675	59,814
Student Loans Receivable, Net	<u>\$ 1,325,194</u>	<u>\$ 1,801,989</u>

Funds advanced by the federal government of \$3,214,485 and \$3,600,756 at July 31, 2024 and 2023, respectively, are ultimately refundable to the government and are classified as liabilities on the statements of financial position.



**AUGUSTANA UNIVERSITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JULY 31, 2024 AND 2023**

**NOTE 17 CREDIT QUALITY OF STUDENT LOANS RECEIVABLE (CONTINUED)**

At July 31, the past due and current amounts under student loan programs were as follows:

	2024	2023
Current Notes Receivable	\$ 866,783	\$ 1,088,132
Past Due Note Receivables:		
0-240 Days Past Due	75,046	97,538
240 Days - 2 Years Past Due	116,965	124,074
2-5 Years Past Due	108,675	256,382
5+ Years Past Due	157,725	235,863
Total Past Due	458,411	713,857
Total Notes Receivable, Net	<u>\$ 1,325,194</u>	<u>\$ 1,801,989</u>

**NOTE 18 COMMITMENTS AND CONTINGENCIES**

Augustana is subject to certain claims arising out of the ordinary course of business. Although it is not possible to predict the outcome of these claims, management believes they will not have a material effect on the financial condition of Augustana.

**NOTE 19 LIQUIDITY AND AVAILABILITY OF RESOURCES**

Augustana regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. Augustana has various sources of liquidity at its disposal, including cash and cash equivalents, marketable debt and equity securities, and a line of credit.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, Augustana considers all expenditures related to its ongoing activities of teaching, research, and public service as well as the conduct of services undertaken to support those activities to be general expenditures. Student loans receivable are not included in the analysis as principal and interest on these loans are used solely to make new loans and are, therefore, not available to meet current operating needs.

**AUGUSTANA UNIVERSITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JULY 31, 2024 AND 2023**

**NOTE 19 LIQUIDITY AND AVAILABILITY OF RESOURCES (CONTINUED)**

As of July 31, 2024 and 2023, the following tables show the total financial assets held by Augustana and the amounts of those financial assets could readily be made available within one year of the statement of financial position date to meet general expenditures:

Financial Assets:	2024	2023
Cash and Cash Equivalents	\$ 6,541,404	\$ 11,798,134
Student Accounts Receivable, Net	1,475,586	3,325,414
Government Grants Receivable	941,688	1,538,114
Contributions Receivable, Net	22,262,261	24,999,766
Other Receivables	2,041,602	1,829,859
Endowment Investments	121,955,896	109,190,374
Other Investments	12,414,626	35,546,756
Total	<u>\$ 167,633,063</u>	<u>\$ 188,228,417</u>
Financial Assets Available to Meet General Expenditures Over the Next 12 Months:		
Cash and Cash Equivalents	\$ 6,541,404	\$ 11,798,134
Student Accounts Receivable, Net	1,475,586	3,325,414
Government Grants Receivable	941,688	1,538,114
Current Portion of Contributions For General Expenditures	1,975,217	3,270,760
Endowment Payout for Use Over the Next 12 Months	158,000	141,653
Other Investments	7,578	7,548
Total	<u>\$ 11,099,473</u>	<u>\$ 20,081,623</u>

**AUGUSTANA UNIVERSITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JULY 31, 2024 AND 2023**

**NOTE 20 FUNCTIONAL EXPENSES**

	Program				Supporting					
	Educational Activities	Academic Support	Student Services	Auxiliary	Total Program Activities	Management and General	Fundraising	Facilities Operation and Maintenance	Total Supporting Activities	Total 2024
Compensation	\$ 19,700,783	\$ 1,982,013	\$ 3,682,517	\$ 528,571	\$ 25,893,884	\$ 2,834,048	\$ 1,161,157	\$ 2,164,230	\$ 6,159,435	\$ 32,053,319
Employee benefits	5,633,224	558,926	935,546	166,646	7,294,342	994,578	360,163	674,641	2,029,382	9,323,724
Services and professional fees	1,561,527	154,202	517,253	152,664	2,385,646	530,854	158,476	896,358	1,585,688	3,971,334
Advertising	52,569	766	45,814	-	99,149	317,219	56,600	-	373,819	472,968
Office expenses	84,915	53,827	202,555	2,752	344,049	145,020	143,575	2,486	291,081	635,130
Information technology	265,976	243,590	349,552	5,420	864,538	124,807	111,412	22,878	259,097	1,123,635
Office and occupancy	429,134	35,274	90,182	913,850	1,468,440	99,640	19,598	1,520,139	1,639,377	3,107,817
Travel	2,408,164	110,082	224,954	-	2,743,200	70,943	38,359	47,140	156,442	2,899,642
Conferences and meetings	526,149	31,699	52,645	-	610,493	53,662	18,298	3,130	75,090	685,583
Insurance	15,267	-	-	-	15,267	931,335	-	-	931,335	946,602
Food and provisions	412,924	18,900	271,926	5,143,655	5,847,405	96,547	112,862	2,145	211,554	6,058,959
Supplies	1,837,340	475,994	225,900	137,737	2,676,971	78,370	84,092	398,232	560,694	3,237,665
Equipment Technical	269,462	136,188	985	488	407,123	225,715	3,123	1,650	230,488	637,611
Equipment Maintenance	74,003	6,265	-	33,717	113,985	-	-	189,528	189,528	303,513
Miscellaneous	1,427,855	(38,009)	49,367	40,087	1,479,300	61,224	72,585	247,951	381,760	1,861,060
Depreciation	-	-	-	-	-	-	-	7,526,406	7,526,406	7,526,406
Interest	-	-	-	-	-	-	-	4,236,188	4,236,188	4,236,188
Actuarial Adjustment	-	-	-	-	-	350,498	-	-	350,498	350,498
Allocation of Operation and Maintenance	8,948,750	830,842	1,518,724	4,940,048	16,238,364	1,694,738	-	(17,933,102)	(16,238,364)	-
Total Expenses	<u>\$ 43,648,042</u>	<u>\$ 4,600,559</u>	<u>\$ 8,167,920</u>	<u>\$ 12,065,635</u>	<u>\$ 68,482,156</u>	<u>\$ 8,609,198</u>	<u>\$ 2,340,300</u>	<u>\$ -</u>	<u>\$ 10,949,498</u>	<u>\$ 79,431,654</u>

	Program				Supporting					
	Educational Activities	Academic Support	Student Services	Auxiliary	Total Program Activities	Management and General	Fundraising	Facilities Operation and Maintenance	Total Supporting Activities	Total 2023
Compensation	\$ 16,738,379	\$ 1,998,698	\$ 3,641,867	\$ 411,562	\$ 22,790,506	\$ 2,843,774	\$ 1,103,276	\$ 1,900,562	\$ 5,847,612	\$ 28,638,118
Employee Benefits	5,206,657	626,009	1,008,963	143,249	6,984,878	1,151,116	370,169	625,971	2,147,256	9,132,134
Services and Professional Fees	886,971	158,686	516,128	625,545	2,187,330	827,903	86,626	1,123,349	2,037,878	4,225,208
Advertising	68,491	-	43,953	-	112,444	304,543	36,460	300	341,303	453,747
Office Expenses	78,982	52,424	203,518	2,236	337,160	171,223	132,297	3,557	307,077	644,237
Information Technology	256,553	212,365	330,639	4,995	804,552	101,937	95,373	16,865	214,175	1,018,727
Office and Occupancy	239,348	31,960	91,660	877,088	1,240,056	75,563	32,394	1,510,278	1,618,235	2,858,291
Travel	1,572,383	(46,633)	269,202	20	1,794,972	99,880	57,560	57,158	214,598	2,009,570
Conferences and Meetings	421,261	27,611	81,740	-	530,612	53,508	24,350	11,832	89,690	620,302
Insurance	7,704	-	-	-	7,704	759,797	-	-	759,797	767,501
Food and Provisions	364,071	27,140	313,641	4,541,327	5,246,179	67,503	103,886	3,150	174,539	5,420,718
Supplies	1,170,707	438,437	191,509	100,076	1,900,729	83,158	17,095	345,285	445,538	2,346,267
Equipment Technical	297,108	210,251	10,974	20,396	538,729	3,088	314	17,373	20,775	559,504
Equipment Maintenance	40,319	3,375	-	77,667	121,361	-	200	129,956	130,156	251,517
Miscellaneous	467,854	17,438	44,221	83,263	612,776	255,021	18,799	167,690	441,510	1,054,286
Depreciation	-	-	-	-	-	-	-	5,135,570	5,135,570	5,135,570
Interest	-	-	-	-	-	-	-	3,367,173	3,367,173	3,367,173
Actuarial Adjustment	-	-	-	-	-	76,287	-	-	76,287	76,287
Allocation of Operation and Maintenance	6,330,415	895,454	1,006,985	4,617,472	12,850,326	1,565,743	-	(14,416,069)	(12,850,326)	-
Total Expenses	<u>\$ 34,147,203</u>	<u>\$ 4,653,215</u>	<u>\$ 7,755,000</u>	<u>\$ 11,504,896</u>	<u>\$ 58,060,314</u>	<u>\$ 8,440,044</u>	<u>\$ 2,078,799</u>	<u>\$ -</u>	<u>\$ 10,518,843</u>	<u>\$ 68,579,157</u>

**AUGUSTANA UNIVERSITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JULY 31, 2024 AND 2023**

**NOTE 21 SUBSEQUENT EVENTS**

Management has considered subsequent events through November 7, 2024, the date the financial statements were available to be issued, in preparing these financial statements and notes and no additional disclosures or adjustments were deemed necessary by management.

**NOTE 22 COMPOSITE SCORE**

The University participates in various federally funded student financial aid programs. Under regulatory provisions of these programs, the University is required to demonstrate financial responsibility by meeting a certain composite score based on a formula developed by the Department of Education. This score uses financial ratios based on the University's audited financial statements. The composite score calculated reflects the overall relative financial health of institutions along a scale of negative 1.0 to positive 3.0.

The composite score for the year ended July 31, 2024 is as follows:

<u>RATIO</u>	<u>Ratio</u>	<u>Strength Factor</u>	<u>Weight</u>	<u>Composite Score</u>
Primary Reserve Ratio	0.2596	2.5965	40%	1.0
Equity Ratio	0.6660	3.0000	40%	1.2
Net Income Ratio	0.0959	3.0000	20%	0.6
				<u>2.8</u>

**AUGUSTANA UNIVERSITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JULY 31, 2024 AND 2023**

**NOTE 22 COMPOSITE SCORE (CONTINUED)**

**Net Assets**

1	Net assets with donor restrictions: restricted in perpetuity	\$ 88,696,352
2	Other net assets with donor restrictions (not restricted in perpetuity):	
a.	Annuities with donor restrictions	2,071,018
b.	Term endowments	-
c.	Life income funds (trusts)	-
d.	Total annuities, term endowments, and life income funds with donor restrictions	<u>\$ 2,071,018</u>

**Property, Plant, and Equipment, net**

3	Pre-implementation property, plant, and equipment, net	
a.	Ending balance of pre-implementation as of July 31, 2023	\$ 61,202,718
b.	Reclassify capital lease assets previously included in PPE, net prior to the implementation of ASU 2016-02 leases standard	
c.	Less subsequent depreciation and disposals (net of accumulated depreciation)	(7,354,600)
d.	Balance pre-implementation property, plant, and equipment, net	<u>\$ 53,848,118</u>
4	Debt financed post-implementation property, plant, and equipment, net	
	Long-lived assets acquired with debt subsequent to July 31, 2019:	
a.	Equipment	\$ 2,155,113
b.	Land improvements	6,087,213
c.	Building	54,958,373
d.	Total property, plant, and equipment, net acquired with debt exceeding 12 months	<u>\$ 63,200,699</u>
5	Construction in progress - acquired subsequent to July 31, 2019	\$ 3,140,878
6	Post-implementation property, plant, and equipment, net, acquired without debt:	
a.	Long-lived assets acquired without use of debt subsequent to June 30, 2019	<u>\$ 71,019,581</u>
7	Total Property, Plant, and Equipment, net - July 31, 2024	<u>\$ 191,209,276</u>

**Debt to be excluded from expendable net assets**

8	Pre-implementation debt:	
a.	Ending balance of pre-implementation as of July 31, 2023	\$ -
b.	Reclassify capital leases previously included in long-term debt prior to the implementation of ASU 2016-02 leases standard.	-
c.	Less subsequent debt repayments	-
d.	Balance Pre-implementation Debt	<u>\$ -</u>
9	Allowable post-implementation debt used for capitalized long-lived assets:	
a.	Equipment - all capitalized	\$ 2,155,113
b.	Land improvements	6,087,213
c.	Buildings	54,958,373
d.	Balance Post-implementation Debt	<u>\$ 63,200,699</u>
10	Construction in progress (CIP) financed with debt or line of credit	\$ -
11	Long-term debt not for the purchase of property, plant, and equipment or liability greater than assets value	35,655,521
		<u>\$ 98,856,220</u>

**AUGUSTANA UNIVERSITY**  
**FINANCIAL RESPONSIBILITY RATIO SUPPLEMENTARY SCHEDULE**  
**JULY 31, 2024**

**Primary Reserve Ratio:**

	<b>Expendable Net Assets:</b>		
1	Statement of Financial Position (SFP)	Net assets without donor restrictions	\$ 80,965,980
2	SFP	Net assets with donor restrictions	\$ 160,875,281
3	Note 2	Net assets restricted in perpetuity	\$ 88,696,352
4	Note 5	Unsecured related-party receivable	\$ 2,511,650
5	Note 2	Donor restricted annuities, term endowments, life income funds	\$ 2,071,018
6	Note 22 Line 3d	Property, plant, and equipment pre-implementation	\$ 53,848,118
7	Note 22 Line 4d	Property, plant, and equipment post-implementation with outstanding debt for original purchase	\$ 63,200,699
8	Note 22 Line 5	Construction in progress purchased with long-term debt	\$ 3,140,878
9	Note 22 Line 6a	Post-implementation property, plant, and equipment, net, acquired without debt	\$ 71,019,581
10		Lease right-of-use asset, pre-implementation (grandfather of leases option not chosen)	\$ -
11		Lease right-of-use asset, post-implementation	\$ -
12		Intangible assets	\$ -
13		Post-employment and pension liabilities	\$ -
14	Note 22 Line 8d	Long-term debt - for long-term purposes pre-implementation	\$ -
15	Note 22 Line 9d	Long-term debt - for long-term purposes post-implementation	\$ 63,200,699
16	Note 22 Line 10	Line of credit for construction in progress	\$ -
17		Pre-implementation right-of-use asset liability	\$ -
18		Post-implementation right-of-use asset liability	\$ -
	<b>Total Expenses and Losses:</b>		
19	Statement of Activities (SOA)	Total expenses (operating and nonoperating) without donor restrictions	\$ 79,160,452
20		Non-service component of pension/postemployment (nonoperating) cost, (if loss)	\$ -
21		Sale of fixed assets (if loss)	\$ -
22		Change in value of interest-rate swap agreements (if loss)	\$ -

**Equity Ratio:**

	<b>Modified Net Assets:</b>		
23	SFP	Net assets without donor restrictions	\$ 80,965,980
24	SFP	Net assets with donor restrictions	\$ 160,875,281
25		Lease Right-of-use asset - Pre-implementation	\$ -
26		Lease Right-of-use liability - Pre-implementation	\$ -
27		Intangible assets	\$ -
28	Note 5	Unsecured related-party receivables	\$ 2,511,650
	<b>Modified Assets:</b>		
29	SFP	Total assets	\$ 361,887,059
30		Lease right-of-use asset pre-implementation	\$ -
31		Intangible assets	\$ -
32	Note 5	Unsecured related-party receivables	\$ 2,511,650

**Net Income Ratio:**

33	SOA	<b>Change in Net Assets Without Donor Restrictions</b>	\$ 6,404,143
		<b>Total Revenues and Gains Without Donor Restriction:</b>	
34	SOA	Total operating revenue (including net assets released from restrictions)	\$ 66,756,298
35	SOA	Investments gain, net (aggregate operating and non-operating interest, dividends, realized and unrealized gains)	\$ 992,393
36		Non-service component of pension/postemployment (nonoperating) cost (if gain)	\$ -
37		Pension-related changes other than net periodic pension costs (if gain)	\$ -
38		Change in value of annuity agreement (typically in nonoperating)	\$ -
39		Change in value of interest-rate swap agreements (if gain)	\$ -
40	Note 22 Line 25	Sale of fixed assets (if gain)	\$ -
41		Other gains	\$ -

